

AMENDED IN SENATE APRIL 2, 2009

**SENATE BILL**

**No. 397**

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**Introduced by Senator Calderon**

February 26, 2009

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~~An act to amend Section 10127.7 of, and to add Section 789.15 to,~~  
*An act to amend Sections 789.10 and 10127.7 of the Insurance Code,*  
relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 397, as amended, Calderon. Life insurance.

Existing law regulates the sale of life insurance, ~~in particular sales to~~ seniors, including annuities, as specified. *Existing law requires a person who meets with a senior in the senior's home regarding the sale of life insurance to deliver a notice in writing to the senior no less than 24 hours prior to that individual's meeting, and to abide by other restrictions regarding contacting the senior in the senior's home.*

~~This bill would provide that if a senior makes a written or telephonic request for a meeting the same day to discuss the purchase of specific life insurance having an initial face amount of \$15,000 or less that is designated by the purchaser for payment of funeral and burial expenses, a notice, as specified, shall be delivered to the senior prior to the start of the meeting.~~

~~The bill would also provide that the sale of a burial or funeral policy shall not create an existing insurance relationship for the purposes of the required delivery of a specified written notice to seniors 24 hours before meeting in their home to sell other life insurance.~~

*This bill would specify that the above provisions do not apply to the sale of life insurance designated by the purchaser as payment for funeral and burial expenses if the life insurance policy has an initial face amount*

of \$15,000 or less and provides a “free look” period in which the purchaser has 60 days to cancel the policy and be refunded payments made.

Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days.

This bill would provide that a life insurance policy with a face value of \$15,000 or less, issued after January 1, 2010, shall contain a notice permitting the return of the policy within 60 days.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 789.15 is added to the Insurance Code,~~  
2     ~~to read:~~

3     ~~789.15. If a senior makes a written or telephonic request for a~~  
4     ~~meeting the same day to discuss the purchase of specific life~~  
5     ~~insurance having an initial face amount of fifteen thousand dollars~~  
6     ~~(\$15,000) or less that is designated by the purchaser for payment~~  
7     ~~of funeral and burial expenses, a notice as required by subdivision~~  
8     ~~(b) of Section 789.10 shall be delivered to the senior prior to the~~  
9     ~~start of the meeting. In addition to the requirements of Section~~  
10    ~~789.10, that notice shall contain the following information in at~~  
11    ~~least 14-point type, and be initialed by the senior:~~

12    ~~“You have the right to cancel and return a policy or certificate~~  
13    ~~within 45 days of receipt for a full refund.”~~

14    ~~The notice must be read and signed by the senior and submitted~~  
15    ~~with any application if the senior purchases a policy. The agent or~~  
16    ~~insurance representative shall not be permitted to sell any other~~  
17    ~~lines of insurance that are not policies for funeral or burial~~  
18    ~~expenses. A sale of a burial or funeral policy under this section~~  
19    ~~shall not create an existing insurance relationship for purposes of~~  
20    ~~Section 789.10.~~

21    ~~SECTION 1. Section 789.10 of the Insurance Code is amended~~  
22    ~~to read:~~

23    ~~789.10. (a) This section applies to the sale, offering for sale,~~  
24    ~~or generation of leads for the sale of life insurance, including~~  
25    ~~annuities, to senior insureds or prospective insureds by any person.~~

(b) Any person who meets with a senior in the senior's home is required to deliver a notice in writing to the senior no less than 24 hours prior to that individual's initial meeting in the senior's home. If the senior has an existing insurance relationship with an agent and requests a meeting with the agent in the senior's home the same day, a notice shall be delivered to the senior prior to the meeting. The notice shall be in substantially the following form, with the appropriate information inserted, in 14-point type:

“(1) During this visit or a followup visit, you will be given a sales presentation on the following [indicate all that apply]:

( ) Life insurance, including annuities

( ) Other insurance products [specify]: \_\_\_\_\_.

(2) You have the right to have other persons present at the meeting, including family members, financial advisors or attorneys.

(3) You have the right to end the meeting at any time.

(4) You have the right to contact the Department of Insurance for information, or to file a complaint. [The notice shall include the consumer assistance telephone numbers at the department]

(5) The following individuals will be coming to your home: [list all attendees, and insurance license information, if applicable]”

(c) Upon contacting the senior in the senior's home, the person shall, before making any statement other than a greeting, or asking the senior any other questions, state that the purpose of the contact is to talk about insurance, or to gather information for a followup visit to sell insurance, if that is the case, and state all of the following information:

(1) The name and titles of all persons arriving at the senior's home.

(2) The name of the insurer represented by the person, if known.

(d) Each person attending a meeting with a senior shall provide the senior with a business card or other written identification stating the person's name, business address, telephone number, and any insurance license number.

(e) The persons attending a meeting with a senior shall end all discussions and leave the home of the senior immediately after being asked to leave by the senior.

(f) A person may not solicit a sale or order for the sale of an annuity or life insurance policy at the residence of a senior, in person or by telephone, by using any plan, scheme, or ruse that misrepresents the true status or mission of the contact.

1     (g) *This section shall not apply to the sale of life insurance*  
2     *designated by the purchaser as payment for funeral and burial*  
3     *expenses if the life insurance policy meets both of the following:*

4     (1) *Has an initial face amount of fifteen thousand dollars*  
5     *(\$15,000) or less.*

6     (i) *Provides a “free look” period in which the purchaser has*  
7     *60 days to cancel the policy and be refunded payments made to*  
8     *the insurer prior to the cancellation of the policy.*

9     SEC. 2. Section 10127.7 of the Insurance Code is amended to  
10    read:

11    10127.7. Every policy of individual life insurance with an  
12    initial face value of fifteen thousand dollars (\$15,000) or less that  
13    is delivered or issued for delivery in this state on and after January  
14    1, 2010, shall have printed thereon or attached thereto a notice  
15    stating that, after receipt of the policy by the owner, the policy  
16    may be returned by the owner for cancellation by delivering it or  
17    mailing it to the insurer or to the agent through whom it was  
18    purchased. The period of time set forth by the insurer for return  
19    of the policy by the insured shall be clearly stated on the notice  
20    and this period shall be not less than ~~45~~ 60 days. The insured may  
21    return the policy to the insurer at any time during the period  
22    specified in the notice. This delivery or mailing of the policy by  
23    the owner shall void the policy from the beginning, and the parties  
24    shall be in the same position as if no policy or contract had been  
25    issued. All premiums paid and any policy fee paid for the policy  
26    shall be refunded to the owner.

27    This section applies to all policies issued on or after January 1,  
28    2010, and applies to any renewal thereof. All policies subject to  
29    this section which are in effect on January 1, 2010, shall be  
30    construed to be in compliance with this section, and any provision  
31    in a policy that is in conflict with this section shall be of no force  
32    or effect.

33    This section does not apply to individual life insurance policies  
34    issued in connection with a credit transaction or issued under a  
35    contractual policy change or conversion privilege provision  
36    contained in a policy.

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